



**Keith L. Seat**  
Senior Counsel  
Federal Advocacy

1133 Nineteenth Street, NW  
Washington, DC 20036  
202 887-2993  
Fax 202 736-6492

**Redacted Version – For Publication Inspection**

March 20, 2003

**By Electronic Filing**

Marlene H. Dortch  
Secretary  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: EX PARTE – WC Docket No. 03-16:  
Application by SBC Communications, Inc. for Authorization  
to Provide In-Region InterLATA Services in Michigan

Dear Ms. Dortch:

WorldCom submits this ex parte letter to respond to the Reply Comments and March 14 ex parte and March 17 ex parte letters filed by SBC in this proceeding. SBC's latest filings continue to fail to establish that SBC's OSS is non-discriminatory, or that its performance data is reliable. SBC's line splitting process, for example, is already limiting the scope of WorldCom's launch of line splitting in Michigan; SBC continues to escalate CLEC costs by forcing them to rely on manual processes, and SBC has yet to fix billing and line loss problems that have been longstanding.

**Line Splitting Versioning Issue**

SBC's versioning process serves as a major barrier to use of line splitting – which is critical to future competition. The CLEC must be on the same version of EDI as the DLEC down to the dot release in order to place a line splitting order via EDI. It will be rare that the CLEC and DLEC are on the same version (particularly if a CLEC chooses to partner with multiple DLECs); thus, precluding them from submitting EDI orders. The work-arounds SBC has offered will prevent CLECs from offering line splitting as a mass markets product. They will substantially reduce the volume of line splitting orders that CLECs can submit.

SBC says that even if its versioning process inhibits transmission of line splitting orders, that is too bad because CLECs requested the existing versioning process. Cottrell/Lawson Reply Aff. ¶ 59. But CLECs did not request that SBC use the OCN as

the basis of the versioning process, and this is the cause of the present problem. SBC says that the OCN was the “logical choice” because it is “unique to the CLEC entity and allowed for CLECs with multiple OCNs . . . to operate on different platforms.” *Id.* ¶ 62. But use of trading partner ID would have been equally “logical” and would not have caused any of the problems associated with use of OCN. SBC cannot blame CLECs for its decision to use the OCN for versioning. SBC simply told CLECs that it planned to use OCN, did not explain to CLECs the impact of use of the OCN, and, in any event, did not offer CLECs a choice of alternatives. No other BOC made the same mistake.

Moreover, when line splitting was discussed in collaboratives last Fall, SBC never mentioned the versioning problem. WorldCom discussed with SBC a problem with line splitting based on the fact that in the SBC Midwest region only, CLECs and DLECs were required to submit three separate orders for line splitting – the DLEC had to submit an order to establish the xDSL capable loop, the CLEC had to submit an order to remove the existing loop, and the CLEC had to submit an order to connect the xDSL loop to the port. All of these orders had to be correctly related. WorldCom explained why this cumbersome process was unacceptable, and SBC said that it planned to implement a single order process in April with EDI version 5.03. WorldCom therefore decided to work to implement line splitting with that version, and its DLEC began working to use that version. In January, WorldCom informed SBC of its plans to launch line splitting in April and had meetings to discuss implementation of line splitting. In none of the meetings in the Fall or subsequently did SBC reveal that WorldCom had to be on the same EDI version as the DLEC for the line splitting orders to be processed.

Because of SBC’s versioning policy, much of the work WorldCom performed in preparing for line splitting will not now be useful. WorldCom has had to adopt one of the work around solutions SBC proposes. WorldCom’s DLEC will use the SBC GUI, LEX, to submit line splitting orders. But this renders useless the EDI interfaces that CLECs and DLECs spent significant time and resources developing and training their customer service representatives to use. And CLECs such as AT&T and WorldCom developed EDI interfaces for a reason. EDI interfaces, unlike LEX, allow the CLEC to import a customer’s data into its own systems while submitting orders and to update that data based on automated responses from the ILEC. In contrast, use of a graphical user interface (“GUI”) like LEX requires the CLEC or DLEC to enter data first into the GUI and then into their own systems. Typing errors during data entry can lead to mismatches between data sent to SBC and data in the DLEC’s systems. Moreover, the time consuming dual data entry simply cannot support a mass market level of volumes. For example, a CLEC the size of WorldCom cannot deploy the LEX interface to everyone of its sales and service representatives and so must engage in costly up-front workarounds to obtain customer data and then pass that data to ordering personnel who can access LEX. These personnel must then check LEX to determine when an order has been completed and communicate that information back to the sales representative who must then manually update the MCI systems. This process is error prone and time consuming and will surely result in customer problems. That is why this Commission has always emphasized the importance of system-to-system interfaces in general and EDI interfaces in particular. See South Carolina Order ¶¶ 156-58; (“Without such integrated system, a new entrant is forced to enter information manually to use the EDI interface for ordering and to import the data into its operations support systems. Louisiana II Order ¶ 96. As

the Commission explained, use of such a process would “limit a new entrant’s ability to process a high volume of orders.” South Carolina Order ¶ 156.

SBC says that the DLEC could use a Service Bureau Provider to submit orders. Id. ¶ 64. But SBC does not show that Service Bureau Providers offer all versions of EDI at a reasonable price. Moreover, a DLEC should be able to submit orders using the EDI interfaces it developed or purchased, not be forced to rely on a third-party provider over which it has no control. Moreover, Service Bureau orders are specifically excluded from SBC’s metrics.

Finally, SBC says that the CLEC can submit the line splitting orders on behalf of the DLEC. Id. But this would require the CLEC to develop OSS systems connecting with each DLEC with which it wanted to partner – and to communicate with the DLEC even if the CLEC and DLEC were on different versions of EDI. At present, all CLECs have already built systems to communicate with SBC’s OSS. To have each CLEC build OSS to connect to each DLEC would create an exponentially greater workload for all competitors. Moreover, it is the DLEC that has the information on DSLAMs, ports, and CFAs that is necessary to submit the line splitting order. That is why in every other BOC region, the DLEC submits the line splitting order and why SBC’s systems are set up to allow this as well (assuming no versioning issue existed).

In addition to forcing the CLEC and DLEC to adopt an unacceptable workaround, SBC’s version process poses an additional problem that SBC just explained to WorldCom this week. Because the DLEC or the Service Provider is using the CLEC’s OCN to submit orders, there is some risk that they will use that OCN on an order they are not supposed to – an EDI order using a higher version of EDI than is used by the CLEC. (Even if the DLEC is submitting orders for a particular CLEC via LEX, it may be submitting other orders for another CLEC via EDI if they are on the same version and may on some order mistakenly use the first CLEC’s OCN). If that occurs, it will change SBC’s systems so that they expect to receive the higher EDI version on all future orders from the CLEC. When they do not receive the higher EDI version, all of the CLEC’s orders will reject until the problem is recognized and fixed. This would cause WorldCom thousands of rejects per day across the region. While the possibility of such errors may appear small, it is likely over time that some such errors will occur. Given the substantial potential impact, this is another reason to move away from SBC’s current process.

The versioning issue alone should be a show stopper. Line splitting is critical to the future of competition. And SBC’s versioning process makes it highly doubtful that that line splitting can be used to serve commercial volumes. It is already greatly limiting launch of the service WorldCom had planned for April and will greatly inhibit WorldCom’s ability to work with other DLECs, as it had planned, to expand the reach of its offering. SBC can readily fix the problem simply by adopting the use of Trading Partner ID as has every other BOC. It should be required to do so prior to section 271 authorization.

### **Other Line Splitting Issues**

WorldCom shares the other concerns about line splitting expressed by AT&T in its March 19, 2003 ex parte but will not repeat those concerns. WorldCom here wants simply to underscore the problem with disconnecting a customer’s DSL service while the

customer retains his voice service. Although SBC stated in its Reply Comments that it could do so through a one order process that would result in minimal service disruption, Chapman/Cottrell Reply Decl. ¶ 9, SBC told WorldCom on March 14 that “in order to convert the ULS port back to a UNE-P line, both the DSL loop and the voice loop have to be disco’d and a new order issued for UNE-P.” Line Splitting Log of SBC/WCom meetings. This suggests that the process *is* a three order process that will almost certainly result in loss of dial tone and loss of phone numbers for some customers.

On the other hand, SBC seems to have communicated to AT&T that there is a single order process but that it is a fax process. DeYoung/Connolly Supp Dec. ¶ 10. If that is so, it is equally outrageous. To our recollection, this Commission has never accepted a section 271 applications in which CLECs have been forced to communicate with the BOC via fax. And, as shown below, SBC attempts to force CLECs to use several manual processes. That is inconsistent with a basic premise of this Commission’s rulings on OSS since the beginning. In a mass markets environment, CLECs must be able to place orders through automated systems.

### **Billing Errors**

While acknowledging massive billing errors that it revealed for the first time in February 2003, SBC expects the Commission to take its word as to the cause of the problems and that the problems have now been fixed. The Commission should not do so. The problems are far too recent and extensive. Moreover, it will take several months for CLECs even to thoroughly examine the credits on their February bills to determine whether the credits are accurate. But the credits on their face make it very unlikely that the problem has now been fixed.

SBC says that the billing discrepancies it has found arose from conversion of UNE-P charges to CABS in August through October 2001 and from efforts to address manual fallout caused by this conversion that persisted through the summer of 2002. Brown/Cottrell/Flynn Reply Aff. ¶ 19 (“Billing Reply Aff.”). Thus, SBC has apparently known of these billing problems for many months, but chose to withhold that information from CLECs and from the MPSC during state proceedings on this 271 application. Yet after surprising CLECs and regulators with this information in February, SBC now asserts that the billing problem is irrelevant for purposes of this application.

Amazingly, SBC says the millions of dollars in admitted billing errors must be put in context, explaining that these billing errors alone affected only 4.3% of the total amount of CLEC wholesale billing since the CABS conversion. March 14 *ex parte* Att. B at 2. But a 4.3% billing error rate is huge – especially for a single problem. Moreover, the 4.3% figure is misleading as it is a percentage of all wholesale billing, while the CABS reconciliation affected only UNE-P.

SBC claims that the problem has now been fixed. SBC asserts that by January 2003 it had completed a reconciliation of its databases, that now that the reconciliation is complete future bills should be accurate, and that the BearingPoint test shows this accuracy. Billing Reply Aff. ¶¶ 21-22. But BearingPoint did not test billing after January 2003 when the billing reconciliation was complete. BearingPoint did not even test billing accuracy after the summer of 2002 when SBC finished addressing manual fallout of the CABS conversion. Bearing Point’s test of billing accuracy finished in July

2002. This is apparent from examining the test criterion on UNE-P billing accuracy TVV9-29 in the latest two BearingPoint reports – those from Indiana and Wisconsin –and even that test was not aimed at the type of accuracy problems at issue here.

SBC seems to suggest that as long as BearingPoint conducted its test in 2002, it shows that billing performance is now acceptable. March 14 *ex parte* Att. B at 3. But SBC itself admits to problems extending all the way through the reconciliation process, *id.* Att. B n. 10 – problems that BearingPoint did not find. The fact is that BearingPoint conducted its test without knowing of the major billing discrepancies that have now been revealed – and based on criterion that did not directly pertain to whether SBC was billing CLECs for the correct number of lines. Since the revelation of these discrepancies, no one has examined SBC’s billing to determine if its explanation for the discrepancies is accurate, whether the past discrepancies have been corrected, and whether the systems are now working in such a manner that no similar discrepancies will arise in the future.

Moreover, BearingPoint could not have evaluated one crucial issue posed by the reconciliation. According to SBC, the conversion to CABS billing led to a mismatch in databases, such that CLECs were billed each month for some lines they did not have and were not billed for other lines they did have. Many of these ongoing billing errors apparently arose from lines that were in SBC’s databases at the time of conversion to CABS. Yet as SBC says, BearingPoint evaluated billing for orders transmitted after the conversion to CABS. Thus, BearingPoint had no way to test whether SBC continues to bill CLECs each month for lines that had been erroneously included in SBC’s database at the time of conversion to CABS.

Nor have CLECs had time to determine whether SBC is now billing them only for lines that are in fact theirs. On WorldCom’s February bill, SBC credited WorldCom approximately \*\*.\*\*. Now that the reconciliation is complete, WorldCom needs to determine whether on an ongoing basis it is being charged only for lines that it owns. It must therefore compare the recurring charges on its bills to the lines it owns. It cannot use the February bill to begin this process, however, because the extensive credits and debits on the bill, may offset charges elsewhere on the bill, and make it difficult to determine which lines are being billed on an ongoing basis. WorldCom will therefore begin the complicated auditing process using the March bill, which it has not yet received. It will then take approximately two months to determine whether the recurring charges on the bill are correct. For now, WorldCom has no way to know whether SBC has correctly credited it for past problems, much less whether SBC continues to bill WorldCom for lines it does not own.

However, one critical fact strongly suggests SBC has not fixed its billing problems and rebuts all of SBC’s attempts to prove to the contrary. Although SBC claims that orders placed after the CABS transition should have posted correctly, the credits it provides makes clear that this is not so. The credits/debits on WorldCom’s February bill show more than \*\* \*\* circuits that were either added or moved from WorldCom’s bill in 2002 as a result of the reconciliation, and approximately \*\* \*\* of these were circuits that were definitely ordered in 2002. Furthermore, the credits show \*\* \*\* circuits that were moved onto or off of WorldCom’s bill in January, 2003 – all of which were circuits that were installed in 2003. These included \*\* \*\* circuits moved onto or off of WorldCom’s bill as late as January 15, 2003 – only days before the

reconciliation concluded. If circuits were incorrectly posting to billing as late as January 15, 2003, there is certainly no reason to believe that the reconciliation fixed SBC's billing problems once and for all.

No confidence is provided by SBC's billing metrics, as SBC claims. March 14 ex parte Att. B at 3. DOJ properly noted that SBC's "performance metrics have limited utility in measuring the correctness of bills incorrectly generated for the reasons revealed by SBC's reconciliation." DOJ Eval. at 11 n. 48. This is especially so with respect to recurring charges for lines that have been in SBC's databases since the time of the CABS transition. Moreover, in BearingPoint's March 7 Report in Michigan, BearingPoint continues to find that SBC fails a multitude of metrics issues regarding billing. For example, two summary charts show that SBC has only satisfied one of eight key criteria related to billing; it has not satisfied five of the criteria, and two are indeterminate. SBC has not satisfied the following evaluation criteria: required source records must be included in the data used to calculate performance measures; data fields in the processed data used to calculate measures must be consistent with the fields in the unprocessed data from source systems; metrics values must agree; calculations must be consistent with the documented rules; and exclusions must be consistent with the documented rules. MI March 7 Report at 88, 159.

As a result of such metrics issues, SBC's performance data cannot be trusted to capture either the billing problems at issue in the reconciliation or other billing problems. In addition to the problems apparent from the reconciliation, WorldCom's experience suggests that other significant billing problems have continued. With respect to the billing issues raised by WorldCom in its initial Comments, SBC provides no specific response. WorldCom explained that it sent 15 orders for new service in July but appeared to be charged for 1,575 transactions. WorldCom Comments at 12. SBC says that it cannot investigate specific order information. Billing Reply Aff. ¶ 36. But for discrepancies of this magnitude for a single month, SBC should have been able to see if there was some other explanation for why there were 1,575 transactions that appear to be related to new orders.

WorldCom further explained that there appeared to be discrepancies between the number of transactions and the non-recurring charges appearing on the wholesale bills. SBC correctly responds that it is possible that timing issues explain these apparent discrepancies and it is also possible that each transaction often has more than one NRC associated with it. Billing Reply Aff. ¶ 37. But on UNE-P migration orders, which are the bulk of the transactions submitted by WorldCom, only one NRC is applicable. And the size of the discrepancies makes it somewhat unlikely that timing is the explanation. Thus, the discrepancies to which WorldCom pointed in its Comments at least suggest continued billing issues – and they suggest issues concerning the correct posting of orders to the billing systems, the exact issue SBC says has been resolved since the move to CABS. SBC failed to investigate or even attempt to explain these issues.

The same is true with respect to the problems that WorldCom discussed in its Reply Comments. The biggest of these problems was that SBC appeared to be charging WorldCom thousands of disconnect charges that were inapplicable. WorldCom Reply Comments at 3-4. WorldCom also pointed to the problems SBC admitted with respect to

Illinois bills, as evidence of continued extensive billing problems in SBC's back-end. SBC has not responded to these issues.

WorldCom's February bill demonstrates that billing problems continue. The disconnect problem that WorldCom discussed in its Reply Comments also appears on the February bill. SBC charges CLECs a disconnect charge when one of their customers migrates to a UNE-L CLEC, but not to any other CLEC or to SBC. Yet in February, SBC charged WorldCom for approximately \*\* \*\* disconnect orders. It charged WorldCom \*\* \*\*. In prior months, the numbers were even higher. Yet between November 2002 and February 2003, WorldCom lost customers in the range of \*\*. It is extremely unlikely that \*\* \*\* of the customers who left WorldCom migrated to a UNE-L CLEC – especially since WorldCom is not even aware of any UNE-L CLECs providing residential service in Michigan.

At present, WorldCom has no way to check for sure whether the customers who left it migrated to UNE-L CLECs as opposed to some other CLEC or SBC. There is no way to fully audit the bill. But the numbers alone show that it is highly unlikely that SBC's disconnect charges are anywhere close to correct. Moreover, based on the letters SBC has sent WorldCom in response to billing questions, WorldCom believes that it is only appropriate for SBC to charge one NRC for each disconnect order – not the four NRCs SBC is currently charging. This vastly magnifies the impact of SBC's apparent error. SBC is billing WorldCom approximately \*\* \*\* per month in Michigan for these disconnect charges.

In addition, on the February bill, SBC billed WorldCom for a high number of subsequent change orders. It will be very difficult for WorldCom to determine if this billing is correct, however, as SBC is failing to provide the ANI information for these subsequent orders (and for a number of other USOCs), as it is supposed to do. This makes auditing extremely difficult as the ANI is the single key identifiable description for all charges. Thus, there appear to be significant ongoing billing problems in Michigan beyond those at issue in the reconciliation process.

But there is no need to rely on data from CLECs such as WorldCom. SBC itself admits massive billing problems. And those problems were revealed too recently and are too extensive simply to accept SBC's word that the problems have now been fixed. Indeed, the credits that SBC provided strongly suggest that the problems have not been fixed.

### **Line Loss Notification**

In the context of SBC's history of huge line loss problems, SBC's recent failures with respect to line loss transmissions also should lead this Commission to reject its application. A database reconciliation last Fall showed thousands of customers who WorldCom wrongly believed remained its customers as a result of line loss problems by SBC. Those problems have continued. Despite occasional periods when SBC seems to have improved its line loss performance, the problems repeatedly return. The problem that arose at the beginning of February 2003 that WorldCom discussed in its Reply Comments affected \*\* \*\* of its line losses for the month. And the latest line loss problem occurred just this month.

SBC does not deny the existence of any of the line loss problems discussed by CLECs but attempts to minimize their import. In its Reply Comments, SBC takes the number of problematic line loss notifications discussed by CLECs in their Comments and divides this by the total number of line losses transmitted by SBC in the last six months. SBC then claims that the percentage of line loss failures is small. Cottrell/Lawson Reply Aff. ¶ 96. But this methodology is totally inappropriate. CLECs are not aware of all line loss problems that have arisen – as evidenced by the recent notification by SBC of an additional line loss period that extends back to May 2002, but that was not included in SBC’s count of erroneous line loss notification in the six month period it uses to claim good line loss performance. Nor did CLECs report in their Comments even all of the line loss problems of which they were aware. WorldCom, for example, detailed only its most recent line loss problem. But WorldCom experienced two other significant line loss problems in the period discussed by SBC. Between August 15, 2002 and September 11, 2002, SBC failed to transmit \*\* \*\* – line losses with no effective due date included on them, which rendered the line losses worthless to WorldCom. This is presumably the problem discussed in paragraph 105 of the Cottrell/Lawson Reply Affidavit. Thus, the percentage of line loss failures in the last six months is much higher than SBC claims.

Similar issues affect SBC’s more recent attempt to calculate a percentage of line loss errors. In its March 14 ex parte, SBC claims that its line loss performance was 95.97% successful in recent months. SBC claims to have taken into account all line losses that were inaccurate, incomplete or untimely. March 14 ex parte at 13. But SBC’s data seems doubtful on its face. SBC says, for example, that the total number of inaccurate or incomplete line losses in September was 8,876. But WorldCom alone failed to receive more than \*\* \*\* making it unlikely that the total CLEC line loss problem in September was 8,876. Similarly, SBC says that there were 5,363 line loss misses in November, but WorldCom alone received \*\* \*\* in November with incomplete due dates. This again makes SBC’s calculation extremely dubious.

SBC then attempts to justify its overall line loss performance by pointing to restated performance data that ostensibly include winbacks. March 14 ex parte ¶ 24. But SBC itself says the restated results are not fully accurate – even aside from the fact that SBC’s performance on the restated data is quite poor as recently as November. *Id.* ¶ 23. It is SBC’s own fault that it cannot present accurate data for PM MI 13, including winbacks. Surely, SBC did not believe that CLECs or state commissions knew that PM MI 13 did not include winbacks. Yet SBC failed for many months to inform CLECs or commissions of this fact, and thus did not attempt to include winbacks until now.

In the absence of acceptable performance data, SBC points to the BearingPoint test. But this test actually confirms the existence of significant line loss issues. In Michigan, BearingPoint found poor line loss performance in the first three line loss tests it performed -- in March 2002, in May through July 2002 and in September 2002. BearingPoint did find acceptable performance in reviewing line losses from mid-September through mid-October 2002. March 14 ex parte Att. 2. But acceptable line loss performance for a single month hardly demonstrates acceptable long term performance. WorldCom has noted that SBC’s line loss performance is episodic, and none of the major issues with SBC’s performance occurred from mid-September through October. BearingPoint’s tests in other states also show a pattern of SBC failures until the

time period of mid-September through October (or early November) 2002. A pattern of poor performance in many separate tests cannot be erased by a test showing acceptable performance in one month – especially given the known line loss problems that have occurred after that test. Moreover, BearingPoint’s test was based on a measure akin to PM MI 13 and thus may not have included winbacks.

SBC next states that the MPSC found its line loss performance had improved. March 14 ex parte at ¶¶ 7-10. But the MPSC noted significant concern about line loss performance even at the time it issued its report, and it was unaware of the line loss problems that have developed since that report.

SBC then attempts to minimize the magnitude of the specific line loss problem WorldCom experienced in early 2003 by comparing the over 3,000 line losses failures discussed by WorldCom with the total number of line losses transmitted to CLECs in January.<sup>1</sup> Cottrell/Lawson Reply Aff. ¶ 112. But by the time the line loss problem concluded and WorldCom assessed the full impact of the problem, WorldCom found there were 4,510 line losses it received in February with an incorrect delimiter. When measured as a percentage of the line losses WorldCom received in February \*\* \*\* of the February line losses. By any measure, this is far too high.

SBC further attempts to minimize the import of this problem by stating that WorldCom chose to reflow these line losses internally. Cottrell/Lawson Reply Aff. ¶ 112. But WorldCom was only able to reflow the line losses internally because it had already spent several days attempting to diagnose the problem, and, in the process had determined how to fix it. At this point, it made sense for WorldCom to reflow the notifiers internally because SBC said that it would take several more days for SBC to reflow the notifiers to WorldCom. Thus, the January/February line loss problem was a significant one, adding yet one more chapter to SBC’s sorry history of line loss failures.

And since WorldCom filed its Reply Comments, yet another line loss problem has become apparent. On March 6, SBC announced a line loss problem concerning partial migrations. Accessible Letter CLECAM03-019. Although SBC said in its March 6 notice that it would contact CLECs regarding specific line losses affected, it did not immediately contact WorldCom and could not provide this information when WorldCom called SBC. Finally, on March 14, SBC transmitted to WorldCom an e-mail “attaching a spreadsheet outlining Four hundred and five TNs of MCImetro . . . that received Line Loss Notifications in error. MCImetro did not really lose these TNs on the dates listed.” E-mail from Marsha Gause to Roseann Kendall, March 14, 2003. Moreover, in an e-mail to WorldCom on March 17, SBC acknowledged that the four hundred and five erroneous LLNs were for CLEC-to-CLEC migrations only. They did not include customers won back by SBC. Presumably, this is equally true of the total of 900 line loss notifications that SBC states were affected by this error. March 14 ex parte ¶ 21. Yesterday, SBC explained that it did not believe winbacks were affected by this error, although it provided no reason why this is so. It seems more likely that there are many additional line losses that have been affected by this error but that SBC has not yet identified.

---

<sup>1</sup> Contrary to SBC’s claim, WorldCom discussed the apparent existence of a problem with SBC on January 31.

Some of the line loss notifications SBC did identify on the spreadsheet it transmitted to WorldCom date back to November 2002 and SBC indicated the problem actually extended back to May 2002. That means that CLECs have been unaware for many months that certain customers belonged to them. They did not know to bill these customers and did not know they were responsible for maintenance and repair for these customers. Indeed, for customers won back by SBC who were affected by the problem with partial migrations, CLECs are still not aware that these customers remain their customers.

Finally, SBC attempts to portray each line loss issue as an isolated problem. Cottrell/Lawson Reply Aff. ¶ 97; March 14 ex parte ¶ 17. But the existence of line loss problems for partial migrations announced in March 2003 was also discussed a year earlier -- on March 12, 2002, in a line loss workshop in Illinois. Apparently the problem reappeared despite SBC's promises to fix it. Similarly, problems caused by erroneous changes to trading partner IDs and erroneous changes of delimiters have arisen more than once. A trading partner ID issue appeared to be the cause of the line loss problem WorldCom experienced in August and September 2002, and a delimiter issue was the cause of the problem WorldCom experienced in January and February of 2003. According to SBC, very similar issues were the cause of an OSS problem AT&T experienced in December. Cottrell/Lawson Reply Aff. ¶¶ 18-19. And a similar problem with updating a CLEC's Customer Profile apparently caused a problem in January. March 17 ex parte Att. A ¶ 10.

In any event, even if the line loss problems CLECs have experienced were not directly related to one another, they would evidence systemic problems in the SBC organization responsible for line loss. If SBC had proper auditing techniques in place and had successfully trained its personnel, such frequent and extensive line loss problems would not arise. It is clear that this is so, because the line loss problems in the SBC Midwest region have been more frequent and of longer overall duration than those that existed elsewhere in the country. SBC must fix its line loss problems once and for all and reapply for section 271 authorization when its performance has been acceptable for several months.

### **Working Service Conflict Process**

SBC's Working Service Conflict ("WSC") process remains flawed both because such a process should not be necessary in the first place and because the method SBC has chosen for implementing the process -- faxing WSC forms and canceling orders for which it receives no response -- is entirely unacceptable. SBC should not be able to force CLECs back to the manual methods that predominated in the days immediately following passage of the Act and that simply made mass markets competition impossible. As noted above, the Commission has never approved a section 271 application where the BOC provides CLECs no choice but to rely on a fax process. It is simply outrageous that CLECs have no choice but to use such a process.

SBC acknowledges that the WSC process is basically not used in other SBC regions. Cottrell/Lawson Reply Aff. ¶ 49. That is because it is SBC that knows whether a working service conflict exists. In other regions, SBC provides this information to CLECs at the pre-order stage (as do other ILECs). Id. SBC says that in the Midwest

region, for some unexplained reason, it cannot easily retrieve and present this information to CLECs. But CLECs should not bear the impact of any such difficulty – which all other ILECs have managed to overcome. Moreover, even if SBC cannot present the information, SBC does not explain how CLECs can obtain the relevant information relevant to SBC’s request if it is not provided by SBC. Contacting their customers, as SBC suggests, does not enable CLECs to determine whether the needed distribution plant for a second line has been installed to the customer premises eliminating, the need for any dispatch.<sup>2</sup>

In any event, even if the WSC process were useful and SBC could not provide the needed information at the pre-order stage, requiring use of faxes for implementation of this process is entirely unacceptable. The fax version of the process leads to delays in return of faxes to CLECs, problems with fax transmissions, and vast inefficiencies for CLECs attempting to run a mass markets business for large volumes of customers while forced by SBC to use a manual process. Moreover, because SBC cancels orders when it does not receive a fax back in a timely manner, the problems are magnified. If SBC believes information from the CLEC is needed to determine whether to install an entirely new line and SBC does not receive a fax with this information, it should just provision the line as a new line. After all, the CLEC ordered the line and did not request provisioning only if there was already working service that could be reused. Instead, however, SBC cancels the order – and does so without even providing any notification to the CLEC of the cancellation.

SBC claims that it developed the WSC process based on the request of one CLEC and that other CLECs agreed to the process. *Id.* ¶ 43. That is not so. WorldCom, for one, vehemently objected to use of the fax process announced by SBC. Indeed, on August 6, 2002, only two weeks after SBC announced the Working Service Conflicts process, WorldCom informed SBC that it objected to use of a fax process. E-mail from Cathie Castorena to SBCCUF, August 6, 2002. WorldCom subsequently transmitted several additional messages to SBC on this topic, explaining that SBC should at least use an e-mail process similar to the service abandonment form to which the WSC is related. With the service abandonment form process, SBC sends WorldCom an e-mail alerting it of abandoned stations (where a customer has left but service is still in place, which is the general reason that there is working service conflict in the first place). But on August 28, SBC responded by refusing to use an e-mail process. E-mail from Kathy King to Cathie Castorena, August 28, 2002. Two days later, it put the fax process in place.

After this, it quickly became apparent that the fax process was not workable. Beginning in October 2002 and continuing through January 2003, CLECs discussed problems with the fax process in the User Forum. Led by Forte Communications, CLECs explained that SBC was not sending the faxes until an average of 9 days after it transmitted the FOCs, was sending the faxes to the wrong fax numbers, or to the wrong

---

<sup>2</sup>The August 20, 2002 accessible letter in which SBC “clarified” the process stated that a working service conflict occurs where a CLEC requests a new line and “[t]he Primary Residential telephone service was requested at a location where the Local Service Provider’s End User desired an Additional Line (ADL), or [t]he Primary Residential telephone service was requested at a location where the former End User failed to disconnect service with their previous provider.” Accessible Letter CLECAM02-349. But this does not explain what information the end user will have that is useful to SBC.

carrier, and was not providing the information CLECs needed to return the faxes. CLECs suggested use of e-mail as an interim process, just as WorldCom had before initiation of the fax process. Issue Action CUF 02-015A. But SBC has continued to insist on the fax process and on cancellation of orders when faxes are not received and returned within 30 days, despite SBC's failure to send the faxes for days after it determines that the WSC process must be used. Billing Reply Aff. ¶ 11 n. 2 ("At this time the LSC does not support two processes for the up-front notification of working service conflicts, and plans to continue with the fax process until September 2003.")

SBC should eliminate or at least automate the WSC process before receiving section 271 authorization. It certainly should not be permitted to obtain section 271 authorization while obstinately refusing even to institute an e-mail process in lieu of the fax process. Of course, even an e-mail process requires extensive manual work from CLECs. But SBC's refusal even to agree to this process as an interim solution underscores just how far it is from the automation required under the Act.

### **Change Management**

The Comments and Reply Comments submitted by CLECs demonstrate the many times that SBC has implemented changes that affect CLECs without notifying them first, and the harm this has caused to CLECs. SBC attempts to excuse the many times it has implemented changes without notifying CLECs by explaining that it did not "anticipate" that a particular change would impact CLECs. Cottrell/Lawson Reply Aff. ¶¶ 20, 22, 32, 34, 36. But changes such as removing a back-end system for maintenance, *id.* ¶ 32, lifting an edit, *id.* ¶ 36, or changing a rate discount should be presumed to be CLEC-impacting. SBC now appears to concede that edits that change an existing business rule should go through the CMP at least for purposes of the Michigan Compliance Plan, *id.* ¶ 42; March 14 *ex parte* Att. D at 5, but does not recognize the same for back-end system changes.

Given the cramped reading SBC gives to its current change management obligations, it appears that SBC should be required to adopt and adhere to a definition of CLEC-impacting similar to that at issue in the BellSouth section 271 proceedings and that BellSouth ultimately agreed to. BellSouth Joint 271 Order ¶ 181 n. 675. Moreover, SBC should be required to include this definition in its Change Management Plan. SBC has told CLECs that even the definition proposed in the Michigan Compliance Plan may not become part of the Change Management Plan and may not last beyond termination of that plan. SBC also said that it would only implement the Compliance Plan if it is approved by change management.

Moreover, SBC should be required to show that it will now follow the compliance plan it has put forth. SBC has not provided an acceptable explanation of how its past decision that changing or tightening various edits was not CLEC-impacting was consistent with the existing change management plan. Thus, it should at least be required to show adherence to the new compliance plan. But that plan will not even go into effect until April 21.

### **Missing Notifiers/Erroneous Cancellation of Orders**

SBC does not deny that it is erroneously canceling some WorldCom orders. SBC implies that most of the orders it is canceling result from the WSC process. But as WorldCom explained in its Reply Comments, the majority of these orders have other causes, none of which are being fixed by SBC.

SBC claims that the percentage of orders it is erroneously canceling is small. Billing Reply Aff. ¶ 12. This may be so. But there is no excuse for cancellation of any orders for which SBC fails even to notify WorldCom of the cancellation.

SBC implies that it does notify WorldCom of cancellations by returning spreadsheets. Billing Reply Aff. ¶¶ 10-14. But these spreadsheets are provided only after WorldCom provides SBC a list of orders for which it has not received completions. SBC does not initiate notification to WorldCom.

### **Ad Hoc Manual Processes**

In addition to the fax process SBC has adopted for working service conflicts (and seemingly for disconnecting DSL for line splitting customers), SBC also has adopted two additional manual processes without any justification. SBC continues to transmit some line losses via e-mail, and also to notify WorldCom of erroneous completion notices via e-mail.

With respect to the e-mail reporting of line losses, SBC says that this e-mail process was discussed with CLECs in the CLEC User Forum and notification of its implementation was provided via Accessible letter CLECAM02-105. Cottrell/Lawson Reply Aff. ¶ 118. But it does not excuse implementation of a manual process that SBC notified CLECs of this process. There is no reason to exempt some line losses from the automated process – which is the only process that automatically stops billing from the CLEC.

With respect to e-mail notification of completion notices sent to WorldCom in error, SBC says that it cannot send line losses because the orders were not really completed so no “system trigger exists to send an electronic line loss notification to the CLEC.” March 14 *ex parte* at 8. But whether or not the orders “really” completed, the completion notices transmitted by SBC caused WorldCom to begin billing these customers.<sup>3</sup> Because WorldCom begins billing customers based on the completion notices, it is incumbent upon SBC to send electronic notifiers to WorldCom informing it that billing must cease. If SBC’s systems do not automatically trigger transmission of a line loss notification, SBC must manually enter the information to send electronically on the line loss report. But rather than bearing the cost of its own error in sending the completion notices, SBC instead wants to impose them on WorldCom by sending e-mail notices. SBC responds that its e-mail report provides WorldCom more detail than the line loss notice. Billing Reply Aff. ¶ 18. But even if this is a reason for SBC to continue

---

<sup>3</sup> Moreover, SBC should not be transmitting erroneous completion notices in the first place. This indicates that SBC’s completion notices are not triggered by whether an order actually completes. During the Wisconsin hearings, SBC stated that completion notices are “generally” sent when the internal service orders have completed and the customer has migrated to the CLEC. When questioned about the word “generally,” SBC could not explain when a completion notice was not a completion notice. On the record data requests were issued in that proceeding to get a clearer answer. SBC is due to respond by 5 PM tomorrow.

to send the e-mail report, SBC should also send a line loss notice so that billing is stopped automatically.

SBC's real excuse for both of its e-mail processes seems to be "it is hardly any orders, so why should it matter." This excuse may explain why SBC would make occasional errors. But it does not justify allowing SBC to respond to such errors by forcing CLECs into a manual mode. As manual processes spread, SBC can always say each process affects few orders. But in the aggregate these processes impose significant costs on CLECs.

### **Disconnect Orders**

SBC does not dispute that it was unable to process many WorldCom disconnect orders for a period of two months. Cottrell/Lawson Reply Aff. ¶ 147. Instead, SBC attempts to claim the problem affected only orders with a "rare" address format. But in fact the problem prevented WorldCom from submitting almost 750 disconnect orders. (And it caused complaints/questions from state commissions since customers wanted to have their service disconnected and could not.) SBC states that the problem has now been fixed. That is true and is a positive development, but it is also legally irrelevant for purposes of the Commission's evaluation. The problem existed at the time SBC filed its application. Moreover, SBC took almost two months to fix the problem despite its importance.

### **Provisioning Accuracy**

SBC touts the fact that in its recent Indiana report BearingPoint finally found it satisfied the test criteria for updating customer service records. Cottrell/Lawson Aff. ¶ 13. But the fact that SBC failed for so long to update CSRs accurately means that special care must be given to ensure that SBC is now doing so. Yet as WorldCom noted in its initial Comments, SBC's performance metric regarding service order accuracy is largely worthless as currently constituted. Thus, there is no basis for assurance that SBC's provisioning accuracy will be satisfactory on a continuing basis.

### **Erroneous Rejects**

On March 18, SBC informed WorldCom that a file that was processed nightly to update OCN information had been corrupted, leading to 311 erroneous rejects in the SBC Midwest region. This continued a pattern of errors caused by table updates, including many of the line loss issues. It also marked the reappearance of a longstanding issue concerning erroneous rejects. The last occurrence was in late December 2002 and early January 2003.

### **DAL Pricing**

SBC has refused to lower its rates for DAL which remain far above cost. The MPSC states that the rates are cost-based, but the MPSC has not explained the basis for that conclusion. Nor has SBC. WorldCom has put into the record the evidence it presented to the MPSC that the rates were not cost-based, as SBC's cost studies spread costs over far too few users. This is further evidenced by the vast discrepancy between the Michigan rates and the Texas and New York rates. But SBC has not responded to that evidence.

Moreover, the MPSC itself previously concluded the rates were not cost based. In August, 2000 it rejected the very cost study that forms the basis of the rates SBC ultimately tariffed. The MPSC now implies – without actually stating -- that its August 2000 Order pertained only to DA Services. MPSC Reply Comments at 8-9 (“it was SBC’s believe that DAL service . . . was purely a wholesale service and therefore unaffected by the Commission’s August 31, 2000 ruling). But the August 2000 Order was based on WorldCom’s Comments regarding SBC’s cost study for the “Advanced Dialing Parity DA Listing Product,” – a cost study that pertained only to DAL. WorldCom Reh’g Pet., Att. F. And the criticisms that WorldCom made pertained to that December 1999 cost study. The MPSC suggests that SBC refiled its DAL cost study in October 2000, and no one commented on it. But the October 2000 cost study and accompanying tariff pertained only to DA services.<sup>4</sup> And even if SBC had refiled its December 1999 study, that study had already been rejected.

It may also be that the MPSC is now interpreting its August 2000 Order as requiring a single cost study for DA services and for DAL. If that is the case, SBC certainly never provided such a study.

In any event, even if the MPSC had never addressed DAL until its 271 recommendation, that recommendation would not be a sufficient basis to conclude that DAL is priced at cost. That is because the MPSC does not justify that conclusion. And there is no basis for it. WorldCom showed that the rates for DAL are based on key TELRIC errors and completely outside the range of reasonable TELRIC rates.

### **Performance Data**

Finally, a fundamental reason to reject SBC’s section 271 application remains the absence of reliable performance data. SBC attempts to excuse each of its myriad failures on the BearingPoint test of performance metrics. But as WorldCom explained in its Reply Comments, the latest neutral party to look at the Bearing Point/Ernst & Young reports – the Illinois staff – found SBC’s data unreliable. And this has not changed. BearingPoint’s March 7 report in Michigan still shows an astoundingly high failure rate with respect to metrics issues. According to BearingPoint, 83 evaluation criteria have been satisfied, 94 are presently indeterminate, and 93 have not yet been satisfied. BearingPoint March 7 Report at 5. Thus, there is not yet any basis to conclude that if the Commission were to approve SBC’s section 271 application, SBC’s performance metrics would serve as an adequate backstop to prevent future backsliding. Nor is there any basis to conclude that the data on which SBC relies in its application is accurate.

SBC argues that the ongoing oversight of the MPSC is sufficient. March 14 *ex parte* Att. C at 2. But that oversight is of limited use for the near future, as the performance metrics provide little basis for evaluating SBC’s performance. SBC says CLECs had input into the metrics, but CLECs did not contribute to SBC’s poor implementation of those metrics. SBC says it will engage in data reconciliation, but WorldCom has previously explained why this is inadequate as a substitute for performance metrics.

---

<sup>4</sup> Because the cost studies are confidential, the Commission must obtain them from SBC or the MPSC.

SBC compares the status of the Ernst & Young audit to the status of KPMG testing in Georgia and Louisiana. March 14 ex parte at 6. But even where Ernst & Young has found that fixes have been put in place, it has done so primarily based on an analysis of the code. SBC's March 17 ex parte (Att. A) indicates that Ernst & Young performed transaction testing. But as Ernst & Young made clear in the recent Wisconsin hearings, it reviewed the code and only then looked at transactions, and it looked at transactions only after they had passed through the EDI translator. Ernst & Young did not issue any orders to confirm that all orders actually made it through the translator intact. Thus, it could not compare the SBC data to the LSRs that CLECs had actually transmitted to determine whether SBC's data was complete and matched the LSRs.

Moreover, even in its March 17 ex parte, SBC admits that Ernst & Young did not do regression testing to evaluate whether the code changes had any negative effects. It also did not look at data beyond the month the change was put in place. Ernst & Young confirmed both these facts in Illinois. And in Wisconsin, Ernst & Young admitted that it had found hundreds of issues that it did not document in the issues log, but had kept no audit trail to reflect the issues it had found. (The Wisconsin transcripts are not yet available). The Illinois transcript which provides similar – albeit somewhat less clear – testimony on many of these issues is attached. (Att. 1).

More important, SBC cannot simply ignore the results of BearingPoint's analysis. BearingPoint is the third-party tester hired by the MPSC, has been conducting testing longer and more rigorously than Ernst & Young, and has found less than half of the test criteria satisfied with respect to metrics even as of March 7, 2003.

The Commission has never approved a section 271 application where the majority of test criteria regarding performance metrics remains unsatisfied. There is no reason to begin doing so now. SBC should be encouraged to facilitate rapid completion of the BearingPoint test before it reapplies for section 271 authorization.

\* \* \* \* \*

For all these reasons, SBC's section 271 application for Michigan is premature and should be denied. Please let us know if staff has any questions.

Pursuant to the Commission's rules, I am filing an electronic copy of this letter and request that it be placed in the record of this proceeding.

Sincerely,

Keith L. Seat

cc: Jeffrey Carlisle, Michelle Carey, John Stanley, Gina Spade, Russ Hanser, Michael Engel, Marcus Maher, Denise Coca, Monica Desai, Douglas Galbi, Jennifer McKee, Susan Pié, Qualex International, Mike Hirrel (DOJ), Layla Seirafi-Najar

(DOJ), Dorothy Wideman (Michigan PSC), Ann Scheidewind (Michigan PSC)